



Room Document No. 2

**CONSULTATION BETWEEN CIVIL SOCIETY ORGANISATIONS AND MEMBERS OF THE
OECD WORKING PARTY ON EXPORT CREDITS AND CREDIT GUARANTEES
AND THE PARTICIPANTS TO THE ARRANGEMENT
ON OFFICIALLY SUPPORTED EXPORT CREDITS**

DEVELOPMENTS IN OTHER OECD EXPORT CREDIT ACCORDS

OECD SECRETARIAT

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This Room Document has been prepared by the OECD Secretariat for the information of Civil Society Organisations (CSOs); it does not necessarily represent the views of the Members of the OECD Working Party on Export Credits and Credit Guarantees (ECG) or the Participants to the Arrangement on Officially Supported Export Credits (the Participants).

DEVELOPMENTS IN OTHER OECD EXPORT CREDIT ACCORDS

I. Introduction

1. The purpose of this paper is to identify the main developments in the work undertaken on export credits to reflect wider issues, such as the environment, anti-bribery measures and sustainable development, by Members of the OECD's Working Party on Export Credits and Credit Guarantees (ECG)¹ over the last year and to suggest some issues which could prompt debate and on which Civil Society Organisations' (CSOs) views would be welcome. Developments related to the work of the Participants to the Arrangement on Officially Supported Export Credits (the Participants) covering the financial terms and conditions on which officially supported export credits are provided are covered in Room Document No. 1. Information on all these issues is available on the OECD Website². This document does not pre-empt other papers and/or issues being raised by CSOs.

II. Developments in Other OECD Accords

(a) *Environment Common Approaches*

2. Since the *OECD Recommendation on Common Approaches on Environment and Officially Supported Export Credits*³ (the OECD Recommendation) was negotiated by the ECG and agreed by the OECD Council in December 2003, ECG Members' Export Credit Agencies (ECAs) have been implementing changes to their procedures and practices for assessing the potential environmental and social impacts of projects for which official support has been requested in order to bring them into line with the obligations set out in the OECD Recommendation. The aim of the OECD Recommendation is to promote a common, more transparent and rigorous approach to assessing the environmental impacts of projects for which official support is requested.

3. Twice a year, ECG Members are invited to complete a survey giving details of their ECA's environmental procedures and practices. The most recent report of responses to this survey (6 April 2005) is on the OECD Web site⁴. Whilst Members' procedures and practices vary considerably, most have systems in place that are broadly compliant with the OECD Recommendation; this is reflected in the July 2005 review of Category A and B projects reported for 2004 under the OECD Recommendation, a public version of which is also available on the OECD Web site⁵. The Category A and B review gives details of

¹ All OECD Members except Iceland.

² The link to the front page of the OECD Export Credit Web site is: <http://www.oecd.org/ech/xcred>

³ [http://webdomino1.oecd.org/olis/2005doc.nsf/Linkto/td-ecg\(2005\)3](http://webdomino1.oecd.org/olis/2005doc.nsf/Linkto/td-ecg(2005)3)

⁴ [http://webdomino1.oecd.org/olis/2005doc.nsf/Linkto/td-ecg\(2005\)5-final](http://webdomino1.oecd.org/olis/2005doc.nsf/Linkto/td-ecg(2005)5-final).

⁵ [http://webdomino1.oecd.org/olis/2005doc.nsf/Linkto/td-ecg\(2005\)11-final](http://webdomino1.oecd.org/olis/2005doc.nsf/Linkto/td-ecg(2005)11-final).

the 159 projects supported by ECG Members in 2004, representing a total volume of over 11 billion SDRs⁶.

4. The OECD Recommendation is due to be reviewed by the ECG before the end of 2006; this review will take into account lessons learned from both implementing the OECD Recommendation and applying it in practice since the beginning of 2004.

Issues

5. The following issues are among those which seem to generate much discussion:

- Disclosure Policies (*e.g.* disclosure period, scope and content of disclosed information, responsibility for disclosure, type of media used for disclosure, and location and language of disclosed information): how to balance commercial concerns, such as confidentiality, competitiveness and administrative burdens, with transparency and responsibility in decision-making?
- Standards (*e.g.* international standards and/or guidelines for benchmarking purposes): are there sector-oriented standards which could be used to complement those specified in the OECD Recommendation? What might be the outcomes and/or impact of the reviews by the World Bank, IFC and EBRD of their environmental standards and guidelines?

(b) Anti-Bribery Measures

6. ECG's work on measures to combat bribery in officially supported export credits has evolved over the years since it first emerged on the agenda in 1994; the OECD's Working Group on Bribery have welcomed this work as complementing the OECD *Anti-Bribery Convention*.

7. A regular feature of the ECG's work on any subject is transparency, leading to an initial agreement, followed by monitoring of the agreement, and finally efforts to improve the agreement and make it more robust. Following this pattern, the ECG agreed in 1998 to exchange information on an ongoing basis through a Survey on Members' procedures and practices for combating bribery in transactions that benefit from official export credit support. The results of the Survey are available to the general public on the OECD's website⁷ and are continuously updated; the Survey has been enhanced many times over the years as the issue evolved.

8. In 2001, the ECG concluded an anti-corruption agreement, *i.e.* the *Action Statement*⁸; it comprises a set of common undertakings that all Members have integrated in their own policies and practices. As can be seen from the Survey results, almost all Members have adopted policies and procedures that are more extensive and/or robust than those required under the Action Statement and this has led to discussions and consensus about the need to enhance the Action Statement.

9. The question now is how enhancement should be achieved. In this process, a number of ideas have been aired and Transparency International (TI) has, in the past, provided helpful input. Nonetheless, in order to give the issue due attention, and to consider any input arising from this consultation with CSOs,

⁶ Special Drawing Rates; exchange rates available on the IMF Web site at the following address: http://www.imf.org/external/np/fin/rates/param_rms_mth.cfm

⁷ [http://webdomino1.oecd.org/olis/2005doc.nsf/Linkto/td-ecg\(2005\)4](http://webdomino1.oecd.org/olis/2005doc.nsf/Linkto/td-ecg(2005)4)

⁸ [http://webdomino1.oecd.org/olis/2000doc.nsf/Linkto/td-ecg\(2000\)15](http://webdomino1.oecd.org/olis/2000doc.nsf/Linkto/td-ecg(2000)15)

the ECG will meet in October to consider the matter further with the aim of concluding on the issue before the end of the year.

Issues

10. The following issues would seem to be apposite to monitoring extant commitments and to enhancing the Action Statement:

- Could the Survey on ECG Members' anti-bribery procedures and practices be enhanced and if so how?
- What elements in the Action Statement are perceived as being areas in need of a more robust approach and how could this be achieved?

(c) Unproductive Expenditure

11. The issue of policy coherence is of critical importance to all governments. ECG Members have therefore agreed that the impact of their activities on other objectives being pursued by governments (*e.g.* development policies) should not be ignored. In this connection, official export credits represent a critical component of official flows to developing countries that contribute to their overall external debt levels and profiles. Whilst very poor countries with heavy debt burdens are often difficult markets for official export credit business (the risk of non-repayment being in many cases far too high), the parties involved are constantly seeking ways to facilitate transactions, especially for projects that will encourage economic growth.

12. The Unproductive Expenditure issue has been a regular feature of the ECG's agenda since 1995 and, in November 1998, the ECG agreed to undertake a voluntary exchange of information on official export credit support to Heavily Indebted Poor Countries (HIPCs) covering the period 1 January 1998 to 1 July 1999 (this period was later extended to 30 June 2000). With this experience in hand, and in order to meet OECD Ministers' call to "*strengthen measures towards ensuring that export credit support to HIPCs is not used for unproductive purposes*", ECG Members agreed at their November 2000 Meeting to transform the voluntary exchange of information into a mandatory, ongoing transparency exercise and the following year adopted a *Statement of Principles* in respect of Unproductive Expenditure⁹; this is seen as complementing the World Bank HIPC Debt Initiative. The transparency exercise now serves as a vehicle by which Members' application of the agreed principles can be monitored.

13. More recently, the ECG agreed in April 2005 to expand the Transparency Exercise to cover all transactions with all countries (not just HIPCs) that are eligible for International Development Association funds only (such reporting had only been previously subject to voluntary reporting). The information gathered under the transparency exercise¹⁰ is made publicly available on the OECD Website and illustrates that ECG Members have abided by their Statement of Principles in relation to HIPCs. The first round of expanded reporting will take place in the beginning of 2006.

Issues

14. In the light of the apparent success of the ECG work on HIPCs:

- Does the Statement of Principles need to be adjusted and if so how?

⁹ <http://www.oecd.org/ech/xcred/hipc/statement>

¹⁰ <http://www.oecd.org/dataoecd/63/56/34854496.pdf>

- Bearing in mind that access to finance for the HIPC's is not just an issue for ECAs alone but also for other areas of government activity (*e.g.* development policies, Paris Club rescheduling), is there any further action that ECG Members need take and if so what?
- What more might be done to facilitate developing countries' access to finance without contributing to non-sustainable debt?

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